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an influence much out of proportion to the amount of business they do.

There has been much discussion recently of the discount policy of the Federal Reserve Board and the control of the flow of credit under the Federal Reserve System. The charges of banks to their customers have not been materially affected by the manipulation of the rediscount rates. The

explanation is that the Federal Reserve Banks are banks for banks and banks for government and not, at the same time, public banks in the true sense of the word. They cannot exert the competitive influence against the other banks that the foreign central banks exert. They are not in fact in the market and cannot, in consequence, share in market control.

The National Citizens' League A Movement for a Sound Banking System

By HARRY A. WHEELER

Vice-President, Union Trust Company of Chicago

AS a result of the panic of 1907 the business men of the country became greatly concerned for the commercial safety of the future. At the annual meeting of the National Board of Trade, held in Washington on January 25, 26 and 27, 1910, the subject of monetary reform was discussed and the following resolutions were unanimously adopted:

Whereas, We assume that a plan for the revision of our currency system will be formulated after the National Monetary Commission has made its final report; and

Whereas, A revision of our currency system upon a permanently sound and scientific basis is of vital importance to all interests and should be accomplished as soon as practicable;

Resolved, That the National Board of Trade favors the adoption of a currency system which will be based upon the following fundamental principles and insure the following results:

First—Be absolutely fair to all interests and to all localities;

Second—Insure at all times an adequate supply of properly safeguarded currency;

Third—The volume of said currency to automatically expand and contract in response to the normal demands of the manufacturing, commercial, agricultural,

and other legitimate interests of the country;

Fourth—Said system to be absolutely free from domination or control by political or any other favored interests;

Resolved, That the National Board of Trade calls upon all its constituent bodies to carefully study the fundamental principles of banking and currency, in order to intelligently aid the enactment of such legislation as will best conserve the interests of the entire country.

The National Board of Trade determined to devote one day in connection with its annual meeting in 1911 to a Business Men's Monetary Conference. January 18 was set aside as "Monetary Day." Two hundred selected commercial bodies were to appoint special committees to make a careful study of the banking question. Each organization was requested to submit its conclusions and recommendations to the National Board of Trade at least one month before the meeting and to send a representative to the meeting, to be held in Washington beginning January 17, 1911. The invitation met with a hearty response on the part of the commercial organizations throughout the country and a large number

of delegates participated in the conference.

The Business Men's Monetary Conference, under the chairmanship of C. Stuart Patterson of Philadelphia, adopted resolutions which ultimately led to the creation of the National Citizens' League. By these resolutions, the chairman of the Conference was authorized to appoint a committee of seven to organize a "Business Men's Monetary Reform League," with headquarters in Chicago and branches in the principal centers of the country, whose object should be to conduct a comprehensive campaign of education in behalf of some kind of national reserve association. It was agreed that the delegates to the Conference should endeavor to enlist the active aid of the commercial bodies they represented.

Acting on the authority of these resolutions, a committee was appointed composed of: C. Stuart Patterson, of Philadelphia, James J. Storrow, of Boston, Paul M. Warburg, of New York, Irving T. Bush, of New York, George D. Markham, of St. Louis, Fred W. Upham, of Chicago and Harry A. Wheeler, of Chicago. This committee was called into conference in Chicago on April 24, 1911. The committee was unanimous in its opinion that the responsibility of creating a national organization should be left with the business men of Chicago, who should conduct a nation-wide campaign from their city.

On April 27, 1911, a conference was called by the committee at which were present about fifty of Chicago's foremost business men, representing both the commercial and the financial field. This conference, after careful deliberation, agreed to accept as a duty and privilege the responsibility of conducting the campaign from Chicago as a center.

The new movement was initiated by the Chicago Association of Commerce. A joint meeting of the Board of Directors and the Executive Committee of the Association was held on May 29, and took action by passing the following resolution:

Resolved, That the Chicago Association of Commerce recognizing the distressing effects of panics on trade, capital, and labor, the consequent need of a sound banking system in the interest of all the people in the country, and the suggestion made for the creation of a National Reserve Association, hereby requests John G. Shedd, Marvin Hughitt, Graham Taylor, Harry A. Wheeler, B. E. Sunny, Cyrus H. McCormick, Julius Rosenwald, Charles H. Wacker, Frederic A. Delano, John Barton Payne, A. C. Bartlett, A. A. Sprague, J. Laurence Laughlin, John V. Farwell, Clyde M. Carr, Fred W. Upham, F. H. Armstrong, and Joseph Basch to form a National Citizens' League, the object of which shall be to give organized expression to the growing public sentiment in favor of, and to aid in, securing legislation necessary to insure an improved banking system for the United States of America.

Acting under this authority, "The National Citizens' League for the Promotion of a Sound Banking System" was organized and a certificate of incorporation was granted by the Secretary of State under date of June 6, 1911. Article 2 of the certificate of incorporation is as follows: "The object for which it is formed is to give organized expression to the growing public sentiment in favor of, and to carry on a campaign of education for an improved banking system for the United States of America." In organization and in operation the Citizens' League was at once made national.

The Chicago Association of Commerce only accepted a responsibility imposed upon it by the other commercial bodies of the nation to take the initiative in the conduct of a campaign

to which their support had been pledged. The only part taken by the Chicago Association, as such, was to launch the new League. This done, it surrendered all control into the hands of the Board of Directors of the League.

In April, 1913, pursuant to a call from the President of the United States and his Secretary of Commerce, the Chamber of Commerce of the United States was organized. It became the successor to the National Board of Trade and, recognizing its relation to the subject of monetary reform, established a close contact with the Citizens' League.

The first Annual Meeting of the Chamber of Commerce of the United States, in January, 1913, dealt with the problem as of first importance to the new incoming administration and instructed its Board of Directors to present the matter to the President-elect. In February, 1913, the directors carried into effect the mandate of the Annual Meeting by the following resolution:

The Chamber of Commerce of the United States of America believes the present moment to be one of grave import to banking and currency legislation. The country has been profoundly stirred by the discussions of the past two years. The defects of our present system are generally understood to constitute a menace, both to our domestic and to our international trade. The business men of the country should not again be exposed to the rigors of another such stringency as followed the large crop of 1912. The expected changes in our tariffs and the financing of another crop in 1913 make imperative immediate action by Congress. Moreover, it is apparent that the presentation of a sound measure to Congress would crystallize behind it the support of the business and banking interests of the country.

Therefore be it Resolved, That the Board of Directors of the Chamber of Commerce

of the United States of America, acting under instructions unanimously voted by the convention of January twenty-first to twenty-third, 1913, urge upon the Banking and Currency Committee of the House of Representatives the early submission to Congress in extra session of a measure which will overcome the difficulties from which we are suffering; upon the Senate, its prompt consideration of such measure at the extra session; and upon President-elect Wilson, his cordial and earnest support in favor of early and complete legislation.

And be it further Resolved, That a copy of this memorial be sent to President-elect Wilson and to Honorable Carter Glass, of the Banking and Currency Committee of the House of Representatives.

A standing Committee on Currency and Banking was also appointed to press upon the Administration the necessity for early action, to follow legislative development, and to prepare a report for subsequent submission to the membership through referendum, as provided in the rules.

This committee was composed of Wallace D. Simmons, St. Louis, Chairman, John W. Craddock, Lynchburg, Virginia, Irving T. Bush, New York City, Edmund D. Fisher, New York City, Edward D. Page, Oakland, New Jersey, Joseph French Johnson, New York City, J. Laurence Laughlin, Chicago, George A. Mahan, Hannibal, Missouri, William A. Scott, Madison, Wisconsin, William George Bruce, Milwaukee, Wisconsin, J. M. Miller, Jr., Richmond, Virginia, Allen Cucullu, Lynchburg, Virginia, John V. Farwell, Chicago, Edmund D. Hulbert, Chicago. It completed its preliminary work in August, 1913, and sent to referendum a report on pending legislation with recommendations for amendment in keeping with the principles put forward by the National Citizens' League.

The League, having completed the

work for which it was organized, formally requested the Chamber of Commerce of the United States to pursue the subject through its legis-

lative stages and disbanded; the Chamber, through its Committee, followed the matter closely until its "Federal Reserve Act" became a law.

The Educational Campaign for Banking Reform

By A. D. WELTON

Continental and Commercial National Bank, Chicago

ORGANIZING the National Citizens League in 1911 was no less a task than organizing the country. It was the final step, outside of political declaration and legislative action, to bring about a demand for the reform of the nation's banking laws. The havoc of the last panic had been wrought. Emergency legislation in the form of the Aldrich-Vreeland Act was on the Statute Books. The Monetary Commission had junketed, experted and ruminated and Senator Aldrich was working on a reform proposal.

From these statements it might be gathered that public sentiment had at least begun to crystallize; that the subject of all this discussion and effort was nearing the point of issue and action. Nothing was farther from the truth. There was no popular comprehension of what it was all about. Panic meant only a lack of currency. Newspaper writers were miles at sea. Politicians were floundering in darkness. Practical bankers were looking to their few leaders for guidance. The economists, however clear their theories, were blinded by traditions and precedents of long standing. There was a dominant desire for a change but any suggestion of a practical plan raised a clamor of hostility to centralization, the great political bugaboo.

The persistence of political rancor found a new demonstration every

time a central bank or the centralization of banking power was mentioned. The traditions of the Democratic party stood as strongly in this respect as when Andrew Jackson and Nicholas Biddle fought over the Second Bank of the United States eighty years before. The mention of asset currency roused the smoldering fires of greenbackism and free silverism. It was plain that many people cherished the belief that issuing currency was a sovereign power of the government, and Mr. Bryan was present to insist that such was the case.

Every time the question of currency had come up for popular consideration in the three preceding decades, the believers in soundness as wrought by a single gold standard had been on the defensive. They merely prevented their enemy from doing something vicious. The one constructive bit of legislation was the Gold Standard Act of 1898. That followed the affair of 1896 as the Aldrich-Vreeland Act and the appointment of the Monetary Commission followed the panic of 1907.

EDUCATION A FORMIDABLE UNDERTAKING

All the studies of the Commission pointed to the necessity of a plan for banking coöperation, for mobilizing reserves, for making both currency and credit elastic, and for creating a discount market. It was a formidable